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24 January 1964

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CENTRAL INTELLIGENCE BULLETIN



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*Panama: The Chiari government may carry out its threat to accuse the US of economic, as well as physical, aggression if Alliance for Progress contracts are allowed to lapse.

OAS Ambassador Moreno is preparing to make such a move in the OAS, according to a Panama City broadcast. The Panamanian Minister of Public Works recently told the acting director of AID that his government considers the Alliance agreements not subject to cancellation or suspension, despite the break in diplomatic relations.

The extent of Panama's economic difficulties are increasing. The local manager of an American bank said on 22 January that five million dollars in foreign deposits had been withdrawn from his institution alone since the crisis started. [REDACTED]

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Cyprus: [The situation on Cyprus continues to deteriorate.]

[The bomb explosions yesterday in Nicosia will greatly inflame passions and increase the danger of a general breakdown in security. The attack on one of the most prominent Turkish Cypriot mosques may incite the Turkish Cypriots to retaliatory forays against the Greek community.]

[British authorities on the island say that mediation between the Greek and Turkish Cypriots is becoming increasingly difficult. Both sides are reportedly stepping up their efforts to acquire arms.]

[A Greek Cypriot estimates that 20,000 shotguns are now in the hands of Greek Cypriots who are not controlled by the community's leadership. The use of locally manufactured ammunition makes these weapons particularly lethal.]

[George Grivas, the leader of the Greek Cypriot underground prior to the island's independence, may soon challenge Makarios' leadership. Grivas, who is living in Athens, has invited 150 Greek Cypriots to meet him there today to discuss how to deal with the crisis. Makarios has publicly denounced Grivas' action.]

[Within the Turkish Cypriot community, Vice President Kuchuk appears to be losing control to a committee of irregulars. The Turkish Cypriots say they cannot vouch for the safety of Greek Cypriots who enter the Turkish sector of Nicosia, and reportedly]

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[are using force to keep members of their own community from leaving the Turkish sector]

[With the London conference near a deadlock, both Greek and Turkish leaders appear to be looking to NATO for possible assistance in restoring order to the island. It seems doubtful at this point, however, that Makarios, who shows every intention of taking the issue to the UN, would accept NATO intervention]

[The Greek Foreign Minister has again emphasized to the US Ambassador the urgent necessity of withdrawing the Greek and Turkish military contingents from Cyprus. The ambassador comments that, while the Greek military leaders appear to realize the catastrophic consequences of war between Greece and Turkey, they seem determined to risk it if Turkey sends more troops to Cyprus or if the Turkish contingent presently on the island attacks the Greek Cypriots.]

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USSR-Cuba: The new Soviet-Cuban sugar arrangement appears advantageous to both sides.

The pact ensures continued stability in economic relations between the two countries and complements other agreements for Soviet support of the Cuban economy.

The USSR will continue to pay a fixed price of six cents a pound for Cuban sugar through 1970 as it has since last year. This is considerably below current world prices, but world prices probably will fall in the next few years.

Soviet dollar payments for 200,000 tons of sugar annually apparently were eliminated because of the substantial cash reserves the Cubans have built up in the past year through exports to the West.

Cuban sugar exports to the USSR are scheduled to increase gradually beginning in 1965 in accord with planned production increases. Trade plans for 1964 suggest Cuba will ship little more than a million tons of sugar to the USSR--approximately the same as in 1963. Thus the agreement is designed to enable Havana to continue exporting sugar to Western markets. This will again allow Cuba to profit from high world sugar prices and to continue to expand its trade with the West.

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Tanganyika: President Nyerere's role during the army mutiny this week has dimmed his prestige and casts doubt on his future influence.

Nyerere's description of the week's events to the US Ambassador left unanswered several questions concerning the part he played in the crisis. Nyerere did not account for his whereabouts while the mutiny was under way on 20 January, nor did he explain why he did not resume his presidential functions for at least 24 hours after the mutineers had returned to their barracks.

In contrast, the key part played by Oscar Kambona, the rabidly nationalist Minister of External Affairs and Defense, is evident. Kambona quickly granted the mutineers' demands to expel all British officers--a move he had considered necessary, but one which Nyerere appeared to oppose--and announced the naming of new Tanganyikan officers to top commands without Nyerere's concurrence.

Although Nyerere insists that Kambona remained entirely loyal to him, Kambona may believe that he can use the army in the future to strengthen his own powerful position in the government.

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Bolivia: [Vice President Lechin and Air Force Commander Barrientos are plotting a coup, according to President Paz.]

[Paz told the US Ambassador on 22 January that his information indicated that Barrientos had issued arms to air force troops. Paz, however, expressed doubt that Barrientos would really act, and seemed confident of thwarting him if he did.]

[Paz did not disclose what evidence he had against Lechin.]

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[Prospects are that pro-Lechinists will walk out of the national convention of the ruling National Revolutionary Movement (MNR) now in progress. They apparently intend to form a new party and nominate Lechin to run for the presidency.]

[In the MNR convention, interest presently centers on the selection of Paz' running mate. The odds are that a "dark horse" will win the nomination. One of these is former Vice President Nunflo Chavez, who has a record of maintaining ties with extreme leftists, including members of the Cuban Embassy.]

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Belgium-Congo: [Belgium's program to train the Congolese National Army (ANC) for relieving United Nations forces on 30 June is not yet off the ground.]

[Colonel Logiest, who heads the training mission, states that the ANC lacks discipline, confidence, and esprit de corps. He believes, however, that by next June it will have a discernible chain of command and that both its communications and logistic systems will be greatly improved.]

[Logiest's judgment is that the ANC, by summer-time, will probably be able to maintain minimum security in most areas, but that Katanga and Kasai will continue to be particularly troublesome. He also notes that any small, well-trained mercenary force would be able to cut through the ANC "like a knife through hot butter."] [REDACTED]

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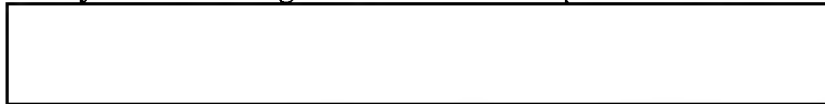
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NOTES

Spain-Cuba: Information Minister Fraga Iribarne has confirmed that a ships-for-sugar deal with Cuba is going forward. He claimed the move was in accord with Spanish opinion which strongly favors promoting trade with Cuba, and he indicated that Madrid would not be deterred by the prospect of retaliation by the US. Fraga also said he and other influential ministers are so strongly opposed to Washington's economic policy toward Cuba that they would resign if Franco complied with it.



Algeria-Morocco: Several difficulties prevent restoration of full diplomatic relations between Algeria and Morocco, despite optimistic reports emanating from last week's Arab summit conference. Algeria insists that an exchange of ambassadors--now pending for over two months--must wait until Morocco proves it is treating Algerian nationals properly. Algeria also insists that the border demilitarization commission established in late October first complete its work, which has been blocked by Rabat's refusal to withdraw its forces from the disputed border.



Ceylon: An open split rooted in the Sino-Soviet conflict has developed in the Ceylon Communist Party. In a bid for party primacy, the dissident pro-Peiping faction has styled its meeting this week in Colombo the official "Seventh Congress" of the party. The CCP's pro-Moscow leadership, which controls the central committee, reportedly has been considering convening its own long-overdue congress in April.



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Guatemala: Communist-backed revolutionaries may be shifting emphasis from guerrilla activities to urban terrorism, according to the US Embassy. On 21 January, they mounted their third mortar attack in the Guatemala City area in less than a month, this time firing several shells at the headquarters of a top military unit. Pamphlets purportedly signed by Marco Antonio Yon Sosa, leader of the Armed Rebel Forces (FAR), have been distributed to residents near the airport warning them of impending attacks in that area.

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Libya: Following a week of sporadic rioting, the King has dismissed Premier Fikini rather than the unpopular national police chief, who is a strong supporter of the monarchy. The new Premier, Mahmud Muntassir, held the same office following Libya's independence in 1951 and is likely to be more pro-Western than his predecessor.

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